

To the Board of directors of,

**THL Zinc Holding BV.**

**Report on the Financial Statements**

We have audited the attached Financial Statements of "THL Zinc Holding BV." ("the Company), which comprise the Balance Sheet as at March 31, 2014, the statement of profit and loss and the cash flow statement for the year ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, and performance of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements; whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.



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**Opinion**

In our opinion and to the best of information and according to the explanation given to us, the aforesaid financial statements read together with Significant Accounting Policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2014;
- (ii) In the case of statement of profit and loss, of the loss of the Company for the year ended on that date; and
- (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

**Other Matter:-**

The financial statement are prepared to assist Sesa Sterlite Limited (holding company) to prepare its consolidated financial statements as per generally accepted accounting principal in India. As a result, the financial statement may not be suitable for other purpose. Our report is intended solely for the company and its holding company and should not be distributed or used by parties other than for the preparation of consolidated financial statement of holding company. We hereby provide consent that a copy may be provided to auditors of holding company

For **Pathak H.D. & Associates,**  
Chartered Accountants  
(Registration No. 107783W)

**Anuj Bhatia**  
Partner  
Membership No.: 122179



Place: Mumbai  
Date: 25<sup>th</sup> April 2014

THL Zinc Holding BV  
Balance Sheet as at March 31, 2014

Particulars	Notes	As at	As at
		March 31, 2014	March 31, 2013
		USD	USD
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	12,629,664	12,629,664
(b) Reserves and surplus	3	579,047,453	639,117,095
		<u>591,677,117</u>	<u>651,746,759</u>
<b>2 Current liabilities</b>			
(a) Other current liabilities	4	16,118	174,797
(b) Short-term provisions	5	1,241,916	260,767
		<u>1,258,034</u>	<u>435,564</u>
<b>TOTAL</b>		<u><b>592,935,151</b></u>	<u><b>652,182,323</b></u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Non-current investments	6	263,104,989	371,097,612
<b>2 Current assets</b>			
(a) Cash and Cash Equivalents	7	10,363,996	100,922
(b) Short-term loans and advances	8	319,466,166	280,983,789
		<u>329,830,162</u>	<u>281,084,711</u>
<b>TOTAL</b>		<u><b>592,935,151</b></u>	<u><b>652,182,323</b></u>

The accompanying notes are forming part of the financial statements.

As per our report of even date

For Pathak H D & Associates  
Chartered Accountants



Anuj Bhatia  
Partner

Place Mumbai  
Date April 25, 2014



For and on behalf of THL Zinc Holding BV



GR Arun Kumar  
Authorized Signatory

THL Zinc Holding BV  
Statement of Profit and Loss for the year ended 31 March , 2014

Particulars	Notes	For the year ended 31	For the year ended 31
		March , 2014	March , 2013
		USD	USD
I Other income	9	49,039,098	129,613,815
<b>Total Revenue</b>		<b>49,039,098</b>	<b>129,613,815</b>
II Expenses:			
(a) Finance costs	10	511	136,299
(b) Other expenses	11	139,485	134,236
<b>Total Expenses</b>		<b>139,996</b>	<b>270,535</b>
III Profit before exceptional and extraordinary items and tax (I-II)		48,899,102	129,343,280
IV Exceptional Items [ Refer note no 6.1]		107,992,623	91,522,812
V (Loss)/Profit before tax (III- IV)		(59,093,521)	37,820,468
VI Tax expense:			
Current tax	12	976,121	260,767
VII (Loss) / Profit for the year (V- IV)		(60,069,642)	37,559,701
VIII Earnings per equity share of EUR 1 each	13		
(a) Basic		(16.07)	10.05
(b) Diluted		(16.07)	10.05

The accompanying notes are forming part of the financial statements.

As per our report of even date

For Pathak H D & Associates  
Chartered Accountants

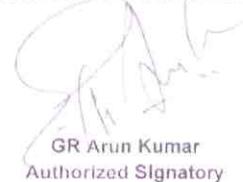


Anuj Bhatia  
Partner

Place : Mumbai  
Date : April 25, 2014



For and on behalf of THL Zinc Holding BV



GR Arun Kumar  
Authorized Signatory

THL Zinc Holding B.V

Cash Flow Statement for the year ended March 31, 2014

Particulars	For the year ended 31 March 14		For the year ended 31 March 13	
	USD	USD	USD	USD
<b>A. Cash flow from Operating Activities</b>				
Net (Loss) / Profit for the year before tax as per statement of Profit & Loss		(59,093,521)		37,820,488
Adjustments for:				
- Dividend Income	(45,000,000)		(125,000,000)	
- Interest Income	(4,039,097)		(1,362,140)	
Other non-cash changes				
- Provision for impairment for investment in Vedanta Lisheen Holdings LI	107,992,623		81,522,812	
- Gain on sale of investment			(3,251,675)	
- Other borrowing costs			135,776	
- Foreign exchange fluctuation	19,393			
		58,972,919		(37,955,277)
Operating loss before working capital changes		(120,602)		(134,759)
Changes in working capital:				
Adjustments for increase / (decrease) in operating liabilities:				
Other current liabilities and provisions	(158,679)	(158,679)	2,246	2,246
Cash used in operations		(279,281)		(132,513)
Net income tax paid		(14,366)		
Net cash flow used in operating activities (A)		(293,647)		(132,513)
<b>B. Cash Flow from Investing Activities</b>				
Interest received		2,261,721		168,647
Dividend received		45,000,000		125,000,000
Loans to related parties		(57,410,000)		(279,858,000)
Repayment of loans by third parties		20,706,000		2,050,000
Net cash flow from/(used) investing activities (B)		10,556,721		(152,619,353)
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from sale of shares				40,800,000
Proceeds from redemption of share premium				112,000,000
Net cash flow from financing activities (C)				152,800,000
Net (Decrease) / Increase in cash and cash equivalent (A+B+C)		10,263,074		48,134
Cash and cash equivalents at the beginning of the year (refer Note 7)		100,922		52,788
Cash and cash equivalents at the end of the year (refer Note 7)		10,363,896		100,922

The accompanying notes are forming part of the financial statements  
As per our report of even date.

For Pathak H D & Associates  
Chartered Accountants

Anuj Bhatta  
Partner

Place Mumbai  
Date April 25, 2014



For and on behalf of THL Zinc Holding BV

*(Signature)*  
G R Arun Kumar  
Authorized Signatory

THL Zinc Holding BV  
Notes forming part of the financial statements

1 (a) Company Overview

THL ZINC Holding B.V. (the company) is a private company with limited liability ("Besloten Vennootschap") existing under the laws of The Netherlands, incorporated on April 20, 2007. The company has its statutory seat and principle place of business in Amsterdam, The Netherlands. The principle activity of the company is Holding of Investments and Financing Activities.

1 (b) Significant accounting policies:

(i) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/ 2013 dated 13 September 2013 of the Ministry of Corporate Affairs). The financial statements have been prepared on accrual basis under the historical cost convention.

(ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialise.

(iii) Investments

Long term investments (excluding investment properties) are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

(iv) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(v) Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.
- (ii) Monetary assets and liabilities in foreign currency outstanding at the year end are restated at the year-end exchange rates and resultant exchange differences are taken to the Statement of Profit and Loss.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- (iv) In order to hedge its exposure to foreign exchange risks, the Company has entered into forward exchange contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purpose in case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of forward contract is recognised as income or expense and is amortised over the life of the contract. Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The company provides for losses in respect of all outstanding foreign currency derivatives exposure at the balance sheet date by marking them to market.

(vi) Revenue Recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

(vii) Taxation

Income tax is calculated on the profit/loss before tax in the Income statement, taking into account any losses carried forward from previous financial years, and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

(viii) Provision, Contingent Liabilities and Contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in financial statements. Contingent Assets are not disclosed in financial statements.

1(c) The financial statements are prepared for the purpose of preparing consolidated financial statement of holding company, Sesa Sterile Limited.



THL Zinc Holding BV  
Notes forming part of Financial Statements for the year ended March 31, 2014

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	USD	Number	USD
<b>Note 2 - Share Capital</b>				
<b>Authorised</b>				
Equity Shares of EUR 1 each fully paid	20,000,000	27,341,073	20,000,000	27,341,073
0.25% Preference Shares of EUR 1 each fully paid up	25,000,000	34,180,077	25,000,000	34,180,077
<b>Issued</b>				
Equity Shares of EUR 1 each fully paid	3,738,000	5,110,047	3,738,000	5,110,047
0.25% Preference Shares of EUR 1 each fully paid up	5,500,000	7,519,617	5,500,000	7,519,617
<b>Subscribed &amp; fully Paid up</b>				
Equity Shares of EUR 1 each fully paid	3,738,000	5,110,047	3,738,000	5,110,047
0.25% Preference Shares of EUR 1 each fully paid up	5,500,000	7,519,617	5,500,000	7,519,617
<b>Total</b>	<b>9,238,000</b>	<b>12,629,664</b>	<b>9,238,000</b>	<b>12,629,664</b>

i) Reconciliation of the number and amount of equity shares outstanding at the beginning and at the end of the year:

	As at March 31, 2014		As at March 31, 2013	
	Number	USD	Number	USD
Shares outstanding at the beginning of the year	3,738,000	5,110,047	3,738,000	5,110,047
Shares outstanding at the end of the year	3,738,000	5,110,047	3,738,000	5,110,047

ii) Reconciliation of the number and amount of preference shares outstanding at the beginning and at the end of the year:

	As at March 31, 2014		As at March 31, 2013	
	Number	USD	Number	USD
Shares outstanding at the beginning of the year	5,500,000	7,519,617	5,500,000	7,519,617
Shares outstanding at the end of the year	5,500,000	7,519,617	5,500,000	7,519,617

iii) Details of shares held by Holding Company

	As at March 31, 2014	As at March 31, 2013
	Number	Number
Equity shares are held by Sterlite Infra Limited	3,738,000	3,738,000
Percentage of holding	100%	100%

iv) Details of shares held by Holding Company

Preference shares are held by Sterlite Infra Limited	5,500,000	5,500,000
Percentage of holding	100%	100%

v) Other disclosures

- a) The Company has one class of equity shares having a par value of EUR 1 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders approval in the event of liquidation of Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.
- (ii) Each Optionally Convertible Redeemable Preference shares can be converted at the option of the investor into variable number of equity shares and can be redeemed at the option of the company at any time.

Particulars	As at March 31, 2014	As at March 31, 2013
	USD	USD
<b>Note 3 - Reserves &amp; Surplus</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	539,000,000	539,000,000
Closing Balance	539,000,000	539,000,000
<b>b. General Reserve</b>		
Opening Balance	(216)	(216)
Closing Balance	(216)	(216)
<b>c. Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	100,117,311	62,557,610
Add: (Loss) / Profit for the year	(60,069,642)	37,559,701
Balance at the end of the year	40,047,669	100,117,311
<b>Total</b>	<b>579,047,453</b>	<b>639,117,096</b>



THL Zinc Holding BV  
Notes forming part of Financial Statements for the year ended March 31, 2014

Particulars	As at March 31,	As at March 31,
	2014	2013
	USD	USD
<b>Note 4 - Other Current Liabilities</b>		
(a) Due to Related Parties		135,776
(b) Other payables (for expenses)	16,118	39,021
<b>Total</b>	<b>16,118</b>	<b>174,797</b>

**Note 5 - Short Term provisions**

(a) Provisions for taxes	<b>1,241,916</b>	<b>260,767</b>
<b>Total</b>	<b>1,241,916</b>	<b>260,767</b>

**Note 6 - Non Current Investments (Refer Note 1 (b)(iii))**

**Investments :**

**Trade Investments**

<b>(a) Investment in Equity instruments of subsidiaries</b>		
(i) 12 Equity shares of USD 1 each in Vedanta Lisheen Holdings Limited	66,913,934	174,806,557
(ii) 91 Equity shares of EURO 1 each in Lakomasko BV	191,055	191,055
<b>(b) Investments in Preference shares of subsidiaries</b>		
(i) 1,960,000 0.25% Optionally Convertible Redeemable Preference shares of USD 1 each of THL Zinc Limited	196,000,000	196,000,000
<b>Total</b>	<b>263,104,989</b>	<b>371,097,612</b>
Aggregate amount of unquoted investments	263,104,989	371,097,612

Note 6.1- During the year the company has provided for impairment of USD 107,992,623 for its investment held in Vedanta Lisheen Holdings Limited. Aggregate amount of provision for impairment in value of above Investment of USD 484,875,435

**Note 7 - Cash and Cash Equivalents**

**Cash and Cash Equivalents**

(a) Balances with banks in current accounts	3,996	922
(b) Bank deposits (having maturity of 3 months or Less)	10,360,000	100,000
<b>Total</b>	<b>10,363,996</b>	<b>100,922</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	10,363,996	100,922

**Note 8 - Short term loans and advances**

**Unsecured, considered good unless stated**

a. Loans and advances to related parties (Refer Note 16)	319,466,166	280,983,789
<b>Total</b>	<b>319,466,166</b>	<b>280,983,789</b>



THL Zinc Holding BV

Notes forming part of Financial Statements for the year ended March 31, 2014

Particulars	For the year ended 31	For the year ended 31
	March, 2014	March, 2013
	USD	USD
<b>Note 9 - Other Income</b>		
Interest Income from		
(i) Deposits	5,120	16,981
(ii) Loans	<b>4,033,978</b>	<b>1,345,159</b>
Dividend from Long Term Investments- Subsidiary	45,000,000	125,000,000
Net gain on sale of investment	-	3,251,675
<b>Total</b>	<b>49,039,098</b>	<b>129,613,815</b>
<b>Note 10 - Finance Cost</b>		
(a) Other borrowing costs	-	135,776
(b) Bank charges	511	523
<b>Total</b>	<b>511</b>	<b>136,299</b>
<b>Note 11 - Other Expenses</b>		
(a) Payments to Auditors - Audit Fees	7,500	19,368
(b) Professional fees	107,414	114,331
(c) Net loss on foreign currency transaction and translation	24,571	537
<b>Total</b>	<b>139,485</b>	<b>134,236</b>
<b>Note 12- Current Tax</b>		
(i) for the year	961,755	260,767
(ii) for the earlier years	14,366	
<b>Net Current tax</b>	<b>976,121</b>	<b>260,767</b>



THL Zinc Holding BV  
Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	USD	USD
<b>13 Earnings Per Share ( EPS )</b>		
Loss / Net Profit after tax attributable to equity shareholders for Basic and Diluted EPS	(60,069,642)	37,559,701
Weighted average Number of equity Shares	3,738,000	3,736,000
Par Value per Share (EUR)	1	1
<b>Earning Per Share - Basic and diluted</b>	<b>(16.07)</b>	<b>10.05</b>

13.1. Optionally Convertible Redeemable Preference Shares will be converted at the option of the shareholder into variable number of shares based on the fair value as on date of conversion. No of shares to be issued on exercise of conversion option is not certain and hence the same has not been considered for the computation of Diluted Earning per share.

Particulars	USD	USD
<b>14 Contingent liabilities</b>		
Contingent liabilities and commitments (to the extent not provided for)		
Claims against the company not acknowledged as debt	NIL	NIL

15. There is no separate reportable segment hence information as defined in the Accounting Standard 17 "Segment Reporting" is not given.



16 **Related party transactions**

Names of related parties and description of relation:

Ultimate Holding Company	Vedanta Resources Plc.
Intermediate Holding Companies (*)	Vedanta Resources Holdings Limited Welter Trading Ltd Richter Holdings Ltd Twinstar Holdings Limited Sesa Sterlite Limited
Immediate Holding company	Sterlite Infra Limited
Subsidiaries	Lakomasko BV Vedanta Lisheen Holdings Limited (Earlier Vedanta Lisheen Finance Limited)
Follow Subsidiaries	Twinstar Mauritius Holdings Limited THL Zinc Limited

Note: Related parties have been identified by the management

(\*) Consequent to the sanction of the Scheme of amalgamation and arrangement, Inter – alia, amongst Sterlite Industries (India) Limited (SIIL) – the erstwhile holding Company and Sesa Goa Limited (SGL) by the respective jurisdictional courts and made effective during the previous quarter, SIIL has been amalgamated into SGL effective from August 17, 2013. SGL has since been renamed as Sesa Sterlite Limited (SSL) which has become the holding company of the Company. The holding companies of Sesa Goa Limited, i.e Richter Holdings Limited, Westglobe Limited and Welter Trading Limited hence have become intermediate holding companies of the Company

	For the year ended	For the year ended
	31 March, 2014	31 March, 2013
	USD	USD
<b>1. Welter Trading Limited</b>		
Loan given / (adjusted/refunded)	(65,885,000)	65,885,000
Interest Income	405,008	477,529
Loan Receivable	-	65,885,000
Interest Receivable	-	477,529
<b>2. Vedanta Resources Plc</b>		
Loan given / (adjusted/refunded)	(20,000,000)	18,150,000
Interest Income	1,300	21,320
Loan Receivable	-	20,000,000
Interest Receivable	-	1,951
<b>3. Twinstar Holdings Limited</b>		
Loan given / (adjusted/refunded)	(11,200,000)	11,200,000
Interest Income	74,984	111,720
Loan Receivable	-	11,200,000
Interest Receivable	-	111,720
<b>4. Richter Holdings Limited</b>		
Loan given / (adjusted/refunded)	(182,573,000)	182,573,000
Interest Income	1,232,656	734,590
Loan Receivable	-	182,573,000
Interest Receivable	-	734,590
<b>5. Twinstar Holdings Mauritius Limited</b>		
Loan given / (adjusted/refunded)	317,298,743	-
Interest Income	2,167,423	-
Loan Receivable	317,298,743	-
Interest Receivable	2,167,423	-
<b>6. Vedanta Resources Holding Limited</b>		
Loan given	30,590,000	-
Loan given / (adjusted/refunded)	(30,590,000)	-
Interest Income	152,607	-
Loan Receivable	-	-
Interest Receivable	-	-
<b>7. Lakomasko BV</b>		
Reimbursement of Expenses	34,877	-
Investment	191,066	191,055
<b>8. Vedanta Lisheen Holdings Limited</b>		
Dividend Income	45,000,000	125,000,000
Investment	66,913,934	174,906,557
<b>9. THL Zinc Ltd</b>		
Investment in Preference Shares	196,000,000	196,000,000

17. Previous year figures have been regrouped / reclassified / wherever necessary to correspond with the current year's clarification / disclosure. Previous year figures are as per the financial statements as provided by the management.



For and on behalf of THL Zinc Holding BV  
*[Signature]*